



June 14, 2006

To: Members of the House Tax Policy Committee  
From: Washtenaw Land Trust – Suzanne Heiney, Operations Manager  
Subj: SB 1004 – ‘Pop-up’ Tax for Conservation Properties.

Thank you for the opportunity to talk with you today about this legislation, which we strongly favor.

I'd like to give you a specific example of how it would benefit the land owners we work with: We recently had a call from a gentleman who donated an easement on nearly 120 acres of land to the Land Trust a decade ago. He did it because the land is adjacent to the Waterloo Recreation Area, the largest public park in the Lower Peninsula, and he was fearful that subsequent owners might subdivide the land in a way that would be detrimental to sustaining that important habitat. He was retiring at the time, and the charitable donation allowed by the federal government made it possible for him to give the easement and protect more of his retirement dollars. In turn, he wouldn't be forced to sell the land during his lifetime, and believed he could pass it on to his heirs...a good deal all around.

Now he is thinking not about retirement planning, but about estate planning. And he has realized that his children, who would like to live on this property and enjoy it as he has, will probably not be able to do so. The taxes on this modest home and its surrounding lands, which cannot be subdivided, will be over \$10,000 annually – more than double the current levy.

I had to tell him that there was no ready answer to his dilemma. This legislation would address his challenge. By keeping the taxes low, the land will be able to stay in the family. And I need not remind you that in southeast Michigan today, the odds of a middle class family accumulating 120 acres are slim indeed.

If his children didn't want to live on the land, the same equation would apply. Few families would be able to afford this 120 acres, particularly given the annual tax bill. The roughly \$6000 annual tax savings afforded by eliminating the popup tax might make it possible for them to sell this property to another family to experience the wonder of growing up wild in Michigan.

By creating incentives for people to *acquire* conservation properties, we, in turn, create more incentives for people to make private land protection choices.

These private choices must be an important part of a land protection strategy for our state. The costs of public acquisition and management, particularly in Southeast Michigan, continue to climb. When private citizens choose to donate conservation easements, valuable lands for flood control, storm water management, drinking water quality and wildlife habitat are protected at little cost to the taxpayer.

Please provide us with this incentive to encourage more private landowners to make a decision to preserve the land legacy that is Michigan.

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